

TO ALL KNOWN CREDITORS

28 February 2022

Ref: AW//DT/AR/D16.1
Direct line: 02890 443500

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Dear Sirs

**IRAF UK Dragon Limited Partnership (“the Limited Partnership”)
IRAF UK Dragon Nominee 1 Limited and
IRAF UK Dragon Nominee 2 Limited (together “the Companies”)
(all in Administration) (all “the Entities”)**

**High Court of Justice, Business and Property Courts of England and Wales in London
Insolvency and Companies List (ChD) (Numbers: CR-2021-000178, CR-2021-000176 and
CR-2021-000177)**

On 1 February 2021, the Entities entered Administration and A S Dolliver and I were appointed as Joint Administrators (**‘the Administrators’**). The appointment to the Limited Partnership was made by the members of the Partnership pursuant to the terms of paragraph 22 of Schedule B1 to the Insolvency Act 1986 (**‘the Act’**) (as modified by paragraph 9 of Schedule 2 to the Insolvent Partnerships Order 1994) and the appointment to the Companies was made by the qualifying floating charge holder (“QFCH”) under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986 (**‘the Act’**).

I write, in accordance with Rule 18.3 and Rule 18.6 of the Insolvency (England and Wales) Rules 2016 (**‘the Rules’**), to provide creditors with a report on the progress of the Administrations. This report covers the period from 1 August 2021 to 31 January 2022 (**‘the Period’**) and should be read in conjunction with the Administrators’ Statement of Proposals dated 26 March 2021 (**‘the Proposals’**) and my previous progress report covering the period 1 February 2021 to 31 July 2021 dated 30 August 2021. This report focuses on the key outstanding matters from my previous report.

A P Williams and A S Dolliver are UK licenced insolvency practitioners and consequently are bound by the Insolvency Code of Ethics when carrying out all professional work relation to the Administrations.

Statutory information about the Limited Partnership, the Companies, the Administrations and the office holders is given at Appendix 1.

Summary of progress since the Joint Administrators’ previous progress report

Asset Realisations

Property

The Entities owned the St George’s Shopping Centre in Preston (**‘the Property’**).

The Administrators continued to trade the Property with the assistance of asset managers (Sovereign Centros) and managing agents (Munroe K) following their appointment.

In May 2021 the Administrators engaged Knight Frank to run a sale process for the Property. A wide range of potential interested parties were contacted, with information relating to the Property provided to these parties (subject to receipt of a signed non-disclosure agreement) to assist them formulate bids.

A number of offers were received from separate parties following the conclusion of the marketing process. Following a period of further negotiation, a sale of the Property was concluded to AG Retail Num (1) Limited (**the Purchaser**) on 27 August 2021 for gross consideration of £21.5m, this representing the highest level of consideration offered. All of this consideration was received during the Period.

The Administrators continue to liaise with the Purchaser and its advisors to finalise apportionment calculations in relation to service charge monies held at the date of completion.

Once this matter is resolved it is anticipated there will be no further realisations in relation to the Property.

Collections from Tenants

Sovereign Centros and Munroe K continued to manage the collection of rental income from the Property's tenants prior to completion of the sale to the Purchaser, under the overall supervision of the Joint Administrators and their staff.

Monies held by agents at the date of appointment

Approximately £327k of monies collected from tenants and held by Munroe K at the date of appointment was transferred to the Limited Partnership during the prior reporting period. A further amount of c.£49k was transferred by Munroe K to the Limited Partnership during the Period.

No further amounts are anticipated to be due in relation to monies held by agents at the date of appointment.

Tenant collections for the Period

Approximately £262k was collected from tenants by Munroe K and transferred to the Limited Partnership during the Period.

Of this amount, approximately £122k was due to the Purchaser pursuant to rent apportionment clauses set out in the sale contract.

These balances were paid to the Purchaser during the Period, reducing net income received from tenants during the Period to approximately £140k.

No further realisations are anticipated from tenant collections.

Car park income

Approximately c.£38k of car park income was collected by Munroe K and transferred to the Limited Partnership during the Period.

No further realisations are now anticipated from car park income.

Cash on Appointment

At the date of appointment, a cash balance totalling c.£12k was held in a current account in the name of the Limited Partnership. These funds were swept to the Limited Partnership's floating charge Administration bank account during the Period. A small balance of £0.72 was held in a "blocked" account in the name of the Limited Partnership controlled by the Wells Fargo N.A. London Branch (the "Secured Creditor") prior to appointment which was also swept to the Limited Partnership's fixed charge bank account during the Period.

Other realisations

Landlord service charge recoveries

A net amount of c.£23k was received during the Period in relation to landlord service charge refunds due back to the Limited Partnership from prior periods.

Given landlord service charge payments totalling c.£9k were made during the prior period, this brings total net landlord service charge recoveries for the Administrations as a whole to c.£14k.

Bank interest

During the Period, bank interest of £83.96 was received into the Limited Partnership's fixed charge bank account, and bank interest of £38.43 was received into the Limited Partnership's floating charge bank account.

Other assets

Following their appointment, the Joint Administrators undertook an analysis of other assets noted on the Limited Partnership's balance sheet, principally relating to minor dilapidation claims, tenant recharges, debit balances on creditor ledgers.

An amount of c.£4k was realised in relation to these assets during the Period. No further realisations are now anticipated from this source.

Receipts and payments account

A summary of our receipts and payments for the Period and from 1 February 2021 to 31 January 2021 is attached at Appendix 2. Note these accounts do not reflect estimated future realisations or costs.

All receipts and payments have been allocated to the Limited Partnership, mirroring the approach taken by the Entities prior to the appointment of Administrators and reflecting the fact that the Limited Partnership is the beneficial owner of the Property.

Other Matters

VAT

Following the appointment of Administrators, it became apparent that in order to account for and reclaim VAT appropriately during the Administrations, and to maximise realisations from the sale process, it would be necessary to register the Entities for VAT with HMRC. Prior to our appointment VAT had been accounted for in a separate group entity that is not under the control of the Administrators.

As such, having liaised with tax experts within EY and HMRC, the Administrators submitted VAT registration forms for the Entities during the prior reporting period.

The Entities' first VAT return was submitted to HMRC on 29 October 2021 relating to the period from 1 February 2021 to 30 September 2021, with a payment of c.£195k being made.

Subsequently, the Administrators submitted a second VAT return on 31 January 2022 for the period 1 October 2021 to 31 December 2021, which details a repayment due to the Entities for c.£67k. This repayment has not yet been received; however, the Administrators will continue to liaise with HMRC to ensure timely recovery of these monies in due course.

Corporation Tax

During the Period the Administrators liaised with tax experts within EY in order to confirm their reporting obligations for the Entities in relation to Corporation Tax and make preparations to submit the necessary returns in this regard.

Corporation Tax returns relating to the period from 1 February 2021 to 31 December 2021 for the Companies were prepared during the Period and have now been submitted to HMRC (£nil liability).

It is understood that the obligation to file Corporation Tax returns for the Limited Partnership rests with its partners, not the Limited Partnership or its Administrators, and as such no returns will be submitted by the Administrators of the Limited Partnership.

Escrow Monies

At the date of appointment, a balance of £1.9m was held in an escrow account with Citibank subject to the terms of an escrow agreement. These monies were realised into an account under the control of the Secured Creditor in accordance with the terms of the escrow agreement during the Period.

Extension of Administrations

The Administrations of the Entities were due to automatically end after twelve months following the date of appointment, being 31 January 2022. However, a number of matters need to be resolved before the Administrations can be concluded, and as such extensions to the Administrations were required.

In accordance with insolvency regulations, the consent of the Secured Creditor has been obtained for the Administrations to be extended for a period of 12 months to 31 January 2023.

Investigations

As outlined in our last progress report, our investigations under the Statement of Insolvency Practice Number 2 and the Company Directors Disqualification Act 1986 concluded in the prior period and none continued into (or were concluded in) the Period. No third-party funding has been provided.

Joint Administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

Pursuant to Rule 18.18(4) of the Insolvency (England and Wales) rules 2016, the basis of the Administrators' fees in these Administrations will be approved by the Secured Creditor and the preferential creditors (if any) of the Entities.

There are no known preferential creditors in any of the Entities. Therefore, on 8 September 2021 the Administrators submitted a request to the Secured Creditor that their remuneration in respect of each of the Entities be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration, in accordance with the Fee Estimate dated 19 March 2021 ('the **Fee Estimate**') previously circulated to creditors. Approval was obtained from the Secured Creditor on 15 September 2021.

During the Period, £332k has been incurred (split as follows), with £608k incurred in the previous period.

Entity	Costs incurred during the previous period (£)	Costs incurred during the Period (£)
Limited Partnership	279,435.70	222,545.70
Nominees 1	162,706.60	51,450.60
Nominees 2	165,876.70	58,064.9
Total	608,019.00	332,061.20

No remuneration has yet been drawn. Whilst actual time incurred is in excess of the levels set out in the Fee Estimate, the overall level of remuneration anticipated to be drawn by the Administrators prior to conclusion of the Administrations is not expected to exceed the collective amount of £615,872.50 set out in the Fee Estimates. A summary of the categories of work where time costs have exceeded the Fee estimate, including an explanation, is provided below:

Category of work	Entity	Explanation
Accounting and administration	LP, N1, N2	Extension of the Administrations beyond 12 months resulting in further accounting and administration requirements.
Bank & statutory reporting	LP	Additional reporting to the Secured Creditor than initially anticipated reflecting in part the extension of the Administrations.
Creditors	N1, N2	Additional time spent dealing with creditor enquiries than initially forecast.
Immediate tasks	LP, N1, N2	Additional time in relation to tasks immediately following the Joint Administrators' appointment.
Job acceptance & strategy	LP	Additional strategy considerations seeking to maximise recoveries.
Other assets	LP, N1, N2	Additional time required pursuing other assets of the Entities, including a detailed review of the Entities' balance sheets and additional time in relation to escrow cash and cash on appointment.
Other matters	LP, N1, N2	Additional time spent on ad hoc matters relating to the Administration of the Entities over and above that initially forecast.

Property	N1, N2	Additional time spent relating to the sale of the Property.
Statutory duties	LP, N1, N2	Additional time spent undertaking the Administrators' statutory duties than in part reflecting the extension of the Administrations.
Trading	LP, N1, N2	Additional time spent in relation to trading activities of the Entities.
VAT & taxation	LP	Time spent in relation to the registration and subsequent submission of the Companies' VAT returns which was not anticipated.

At Appendix 4 to this report there is an analysis and narrative explanation of time spent by the Administrators and their staff during the Period, along with a comparison to the Fee Estimate. Work performed during the previous reporting period included the initial stabilisation and trading of the Property, preparation of the Property for a sales process, preparation of the Administrators' Proposals and other statutory duties. Further information on the work undertaken during the previous reporting period can be found in the Joint Administrators' progress covering the period 1 February 2021 to 31 July 2021 which can be accessed at https://www.ey.com/en_uk/iraf-uk-dragon-administrations or upon request to this office.

Joint Administrators' Expenses

During the Period, we have incurred expenses totalling c.£674k plus VAT in respect of the Limited Partnership, with a breakdown of the expenses incurred being set out at Appendix 3.

Overall, expenses are not expected to exceed the levels set out in the Fee Estimate.

Distributions to creditors

Secured Creditor

Pre-appointment debt

As at date of appointment, the entities owed c.£40.3m to Wells Fargo Bank, N.A. London Branch ("**the Secured Creditor**"). The Secured Creditor is the Entities' only known secured creditor and holds fixed and floating charge security over the Entities' assets.

During the period, a total of c.£23.0m was distributed to the Secured Creditor. No further distributions are anticipated to be made to the Secured Creditor.

Post appointment funding facility

Prior to their appointment the Administrators agreed a post appointment funding facility of £1.7m with the Secured Creditor in order to ensure Administration expenses could be paid and disruption to the ongoing running of the Property could be minimised. All of this £1.7m was drawn down on appointment.

During the Period an amount of £300k was repaid against this facility. It is estimated that further repayments will be made to the Secured Creditor in relation to this facility prior to the conclusion of the Administrations.

Preferential Creditors

The Limited Partnership

The Directors' Statement of Affairs included a total estimated amount owing to preferential creditors of the Limited Partnership of c.£252k, all of which was due to HMRC. There are no known employees in the Limited Partnership.

However, following further investigation and discussion with HMRC during the Period, HMRC confirmed that it was not owed any amounts by the Entities at the date of appointment. It is understood the liabilities set out in the Directors' Statement of Affairs are owed by other entities not under the control of the Administrators.

It has therefore been concluded that the Limited Partnership has no known preferential creditors.

The Companies

We are not aware of any preferential creditors in either of the Companies.

Unsecured Creditors

The Limited Partnership

The Directors' Statement of Affairs estimated that unsecured non-preferential claims owed by the Limited Partnership totalled c.£48.0m, of which c.£47.6m was understood to be attributable to shareholder loans.

The Administrators do not expect there will be sufficient realisations to enable a distribution to be made to unsecured creditors of the Limited Partnership, including by virtue of the Prescribed Part.

The Companies

The Directors' Statement of Affairs indicated there were no unsecured creditors in either of the Companies. In any event, the Administrators do not expect there will be realisations to enable a distribution to be made to any unsecured creditors of the Companies if any are subsequently identified, including by virtue of the Prescribed Part.

Remaining work

We will continue to deal with the Administrations in accordance with the stated objective outlined in the Proposals. Future tasks will include, but may not be limited to, the following:

- ▶ Concluding apportionment with the Purchaser in relation to service charge monies held at the date of completion.
- ▶ Making final payments of all Administration expenses which remain outstanding.
- ▶ Making final repayments against the post appointment funding facility to the Secured Creditor.
- ▶ Dealing with any final unsecured creditor enquiries.
- ▶ Preparing and filing final corporation tax and VAT returns (as applicable).
- ▶ Obtaining clearance from HMRC to close the Administrations.

- ▶ Completion of all statutory and other reporting requirements of the Administrations.
- ▶ Any other actions required to be undertaken by the Administrators to fulfil the purpose of the Administrations.

Future conduct of the Administrations

If any outstanding matters have not been resolved by the end of the Administrations, or if it is in the best interests of the creditors the Administrators will seek to either extend the Administrations or place the Entities into subsequent liquidations. Alternatively, if all outstanding matters have been resolved the Administrators will take steps to dissolve the Entities in accordance with the provisions previously set out in the Proposals.

Next report

We will report to you again at the conclusion of the Administrations or in six months' time, whichever is the sooner.

Yours faithfully
for the Entities



A P Williams
Joint Administrator

Enc: **Appendix 1:** Information about the proceedings, the company and the office holders
Appendix 2: Joint Administrators' Summary of Receipts and Payments from 1 February 2021 to 31 January 2022
Appendix 3: Summary of Joint Administrators' expenses incurred
Appendix 4: Joint Administrators' time costs for the period from 1 August 2021 to 31 January 2022 and a comparison of total time to 31 January 2022 with the fee estimate dated 26 March 2021

A P Williams and A S Dolliver are licensed in the United Kingdom to act as insolvency practitioners by The Insolvency Practitioners Association.

As licensed insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administrations.

The affairs, business and property of the Entities are being managed by the Joint Administrators, A P Williams and A S Dolliver, who act as agents of the Entities only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Entities may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

IRAF UK Dragon Limited Partnership (in Administration)

Name of court:	In The High Court of Justice, Business and Property Courts of England and Wales In London, Insolvency and Companies List (ChD)
Court reference:	CR-2021-000178
Registered name of the company:	IRAF UK Dragon Limited Partnership
Registered office address of the company:	Ernst & Young LLP 1 More London Place, London, United Kingdom, SE1 2AF
Registered number:	LP01676
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	1 February 2021
Details of any changes of administrator:	None
Full names of the administrators:	A P Williams and A S Dolliver
Office holder number(s):	22270 and 15230
Administrators' address(es):	Ernst & Young LLP, 1 More London Place, London, United Kingdom, SE1 2AF and Ernst & Young LLP, Bedford House, 16-22 Bedford Street, Belfast, BT2 7DT
Telephone number:	020 7951 2000
Name of alternative person to contact with enquiries about the case:	Aine Reavey

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

IRAF UK Dragon Nominee 1 Limited (in Administration)

Name of court:	In The High Court of Justice, Business and Property Courts of England and Wales In London, Insolvency and Companies List (ChD)
Court reference:	CR-2021-000176
Registered name of the company:	IRAF UK Dragon Nominee 1 Limited
Registered office address of the company:	Ernst & Young LLP 1 More London Place, London, United Kingdom, SE1 2AF
Registered number:	09408691
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	1 February 2021
Details of any changes of administrator:	None
Full names of the administrators:	A P Williams and A S Dolliver
Office holder number(s):	22270 and 15230
Administrators' address(es):	Ernst & Young LLP, 1 More London Place, London, United Kingdom, SE1 2AF and Ernst & Young LLP, Bedford House, 16-22 Bedford Street, Belfast, BT2 7DT
Telephone number:	020 7951 2000
Name of alternative person to contact with enquiries about the case:	Aine Reavey

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

IRAF UK Dragon Nominee 2 Limited (in Administration)

Name of court:	In The High Court of Justice, Business and Property Courts of England and Wales In London, Insolvency and Companies List (ChD)
Court reference:	CR-2021-000177
Registered name of the company:	IRAF UK Dragon Nominee 2 Limited
Registered office address of the company:	Ernst & Young LLP 1 More London Place, London, United Kingdom, SE1 2AF
Registered number:	09408934
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	1 February 2021
Details of any changes of administrator:	None
Full names of the administrators:	A P Williams and A S Dolliver
Office holder number(s):	22270 and 15230
Administrators' address(es):	Ernst & Young LLP, 1 More London Place, London, United Kingdom, SE1 2AF and Ernst & Young LLP, Bedford House, 16-22 Bedford Street, Belfast, BT2 7DT
Telephone number:	020 7951 2000
Name of alternative person to contact with enquiries about the case:	Aine Reavey

Appendix 2

IRAF UK Dragon Limited Partnership (in Administration)

Joint Administrators' Summary of Receipts and Payments from 1 February 2021 to 31 January 2022

Statement of Affairs estimated to realise	Note	Period from 1 February 2021 to 31 July 2021	Period from 1 August 2021 to 31 January 2022	Cumulative total from 1 February 2021 to 31 January 2022
(£)	1,2	(£)	(£)	(£)
Fixed charge receipts				
24,500,000	3	-	21,500,000.00	21,500,000.00
5,655,309		-	0.72	0.72
		327,178.84	49,013.07	376,191.91
55,152	4	1,306,775.16	105,443.34	1,412,218.50
	5	85,981.67	72,730.02	158,711.69
		19.67	83.96	103.63
		1,719,955.34	21,727,271.11	23,447,226.45
Fixed charge payments				
	6	-	(217,544.58)	(217,544.58)
	7	-	(150,000.00)	(150,000.00)
		-	(10.60)	(10.60)
		-	(367,555.18)	(367,555.18)
Distributions to creditors				
	8	-	(23,033,127.85)	(23,033,127.85)
		-	(23,033,127.85)	(23,033,127.85)
Floating charge receipts				
	9	1,700,000.00	(300,000.00)	1,400,000.00
31,617		-	11,594.88	11,594.88
	10	(9,374.33)	22,940.51	13,566.18
		-	4,104.00	4,104.00
		-	-	-
47,383		-	-	-
		68.26	38.43	106.69
		1,690,693.93	(261,322.18)	1,429,371.75
Floating charge payments				
		(49,260.04)	-	(49,260.04)
	11	(28,207.93)	(34,520.88)	(62,728.81)
		(117,164.73)	(85,449.71)	(202,614.44)
		(133,333.32)	(140,000.00)	(273,333.32)
		-	(27,500.00)	(27,500.00)
		(56,123.25)	(18,084.97)	(74,208.22)
		(1,287.50)	(1,261.00)	(2,548.50)
		(298.35)	-	(298.35)
		(385,675.12)	(306,816.56)	(692,491.68)
Distributions to creditors				
		-	-	-
		-	-	-
Balances in hand				
		3,024,974.15	(2,241,550.66)	783,423.49
Represented by:				
	12			268,868.12
	12			463,899.12
				50,656.25
				783,423.49

Notes

- This receipts and payments account is shown net of VAT.
- This receipts and payments account has been prepared on a cash basis and does not reflect future estimated receipts and payments.
- Represents cash realisation following sale of the Property on 27 August 2021 for all Entities.
- Rent collected in relation to amounts falling due during the Administration trading period.
- Carpark income collected in relation to amounts falling due during the Administration period.
- Represents payment to lawyers (GMS) dealing with the sale completion of the Property on 27 August 2021 for all three Entities.
- Represents payment to Property agent (Knight Frank) following sale of Property on 27 August 2021 for all Entities.
- Represents distribution of fixed charge monies due to Secured Creditor.
- A total of c.£12k was collected into the Administrators floating charge bank account from the Limited Partnership's pre-appointment bank account.
- Following sale, the Property Agents Munroe K completed a Service Charge reconciliation. Total funds of c.£349k was contributed by the Administrators from the funding provided by the Secured Creditor. A total of c.£371k was recovered post completion in respect to the service charge equating to a total net recovery of c.£22k received in this period.
- Represents payments to legal advisors for all Administration matters during the period of the Administrations for all Entities.
- An exit fee of c.£27.5k was due to Property Managers on completion of the post completion service charge reconciliation which concluded on 31.11.21.
- All funds are held in interest bearing accounts.
- The Administrators have the consent of the Secured Creditor to pay costs of all Entities from the proceeds of the Administration funding agreement. As a consequence, certain of the costs outlined in the above R&P relate to costs of the Companies which the Limited Partnership has paid on their behalf.

IRAF UK Dragon Nominee 2 Limited (in Administration)

Joint Administrators' Summary of Receipts and Payments from 1 February 2021 to 31 January 2022

Statement of Affairs estimated to realise	Note	Period from 1 February 2021 to 31 July 2021	Period from 1 August 2021 to 31 January 2022	Cumulative total from 1 February 2021 to 31 January 2022
(£)		(£)	(£)	(£)
	1,2			
Fixed charge receipts				
<i>None</i>		-	-	-
Fixed charge payments				
<i>None</i>		-	-	-
Distributions to creditors				
<i>None</i>		-	-	-
Floating charge receipts				
<i>None</i>		-	-	-
Floating charge payments				
<i>None</i>	1	-	-	-
Distributions to creditors				
<i>None</i>		-	-	-
Balances in hand				
		-	-	-
Represented by:				
Cash at bank		-	-	-
		-	-	-

Notes

1 This receipts and payments account is shown net of VAT.

2 This receipts and payments account has been prepared on a cash basis and does not reflect future estimated receipts and payments.

IRAF UK Dragon Limited Partnership (in Administration)

Summary of Joint Administrators' expenses incurred in the period and comparison to original Fee Estimate

£ Type of expense	Per Fee Estimate	Paid in Period 1 February 2021 to 31 July 2021	Paid in Period 1 August 2021 to 31 January 2021	Estimated outstanding	Total
Payments which are not disbursements					
Other Trading Costs	1,937,038	117,165	452,994	45,000	615,159
Agents fees	500,000	142,708	167,500	-	310,208
Legal fees	66,667	28,208	34,521	-	62,729
Insurance	41,667	56,123	18,085	-	74,208
Storage	500	-	-	-	-
Bank Charges	500	1,288	1,272	500	3,059
Statutory Costs	100	298	-	500	798
Corporation Tax	-	-	-	-	-
	2,546,471	345,789	674,372	46,000	1,066,161
Category 1 disbursements					
Specific penalty bond	320	-	-	-	-
Postage & printing	100	-	11	50	50
	420	-	11	50	50
Category 2 disbursements					
Mileage	500	131	-	-	131
	500	131	-	-	131
Total	2,547,391	345,920	674,383	46,050	1,066,342

Expenses exceeding original estimate

- ▶ Insurance costs were previously split between the three Entities, however given the funding agreement proceeds were received into the Limited Partnership bank account, all such costs have been paid directly by the LP entity. All insurance costs have therefore been recorded in the LP entity.
- ▶ Bank charges – attributable to Citibank charges in relation to the ongoing operation of the escrow account.
- ▶ Statutory costs – costs now estimated to be slightly higher than initial expectations.

Notes

Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member.

1. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):
 - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder
 - Category 2 expenses are payments to associates or which have an element of shared costs.
2. Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2

IRAF UK Dragon Nominee 1 Limited (in Administration)

Summary of Joint Administrators' expenses incurred in the period and comparison to original Fee Estimate

£ Type of expense	Per Fee Estimate	Paid in Period 1 February 2021 to 31 July 2021	Paid in Period 1 August 2021 to 31 January 2021	Estimated outstanding	Total
Payments which are not disbursements					
Other Trading Costs	-	-	-	-	-
Agents fees	50,000	-	-	-	-
Legal fees	66,667	-	-	-	-
Insurance	41,667	-	-	-	-
Storage	500	-	-	-	-
Bank Charges	500	-	-	-	-
Statutory Costs	100	-	-	-	-
	-	-	-	-	-
	159,433	-	-	-	-
Category 1 disbursements					
Specific penalty bond	20	-	-	-	-
Postage & printing	100	8	-	-	8
	120	8	-	-	8
Category 2 disbursements					
Mileage	500	9	-	-	9
	500	9	-	-	9
Total	160,053	17	-	-	17

Notes

- 1 Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member.
- 2 Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):
 - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder
 - Category 2 expenses are payments to associates or which have an element of shared costs.
- 3 Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2
- 4 As stated in the Receipts & Payments account, amounts in relation to insurance and statutory costs have been paid from funds made available to the Limited Partnership under the funding agreement agreed with the Secured Creditor.

IRAF UK Dragon Nominee 2 Limited (in Administration)

Summary of Joint Administrators' expenses incurred in the period and comparison to original Fee Estimate

£	Per Fee	Paid in Period 1	Paid in Period 1	Estimated	Total
Type of expense	Estimate	February 2021 to 31 July 2021	August 2021 to 31 January 2021	outstanding	
Payments which are not disbursements					
Other Trading Costs	-	-	-	-	-
Agents fees	50,000	-	-	-	-
Legal fees	66,667	-	-	-	-
Insurance	41,667	-	-	-	-
Storage	500	-	-	-	-
Bank Charges	500	-	-	-	-
Statutory Costs	100	-	-	-	-
	159,433	-	-	-	-
Category 1 disbursements					
Specific penalty bond	20	-	-	-	-
Postage & printing	100	-	-	-	-
	120	-	-	-	-
Category 2 disbursements					
Mileage	500	-	-	-	-
	500	-	-	-	-
Total	160,053	-	-	-	-

Notes

- 1 Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member.
- 2 Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):
 - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder
 - Category 2 expenses are payments to associates or which have an element of shared costs.
- 3 Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2
- 4 As stated in the Receipts & Payments account, amounts in relation to insurance and statutory costs have been paid from funds made available to the Limited Partnership under the funding agreement agreed with the Secured Creditor.

IRAF UK Dragon Limited Partnership (in Administration)

Joint Administrators' time costs for the period from 1 February 2021 to 31 January 2022 and comparison with the fee estimate dated 26 March 2021

	Per Fee Estimate			Actual in this report period			Total actual to date		
	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Accounting & Administration	52.5	16,391.6	312	69.7	32,528.5	467	103.3	45,240.5	438
Bank & Statutory Reporting	61.7	30,655.9	497	25.7	14,821.8	577	65.9	32,871.9	499
Creditors	70.4	22,712.9	323	0.5	660.0	1,320	13.3	5,544.7	417
Debtors	35.0	12,504.9	357	4.0	888.0	222	4.0	888.0	222
Immediate Tasks	12.7	4,963.7	392	43.0	26,185.0	609	54.4	33,182.8	610
Job Acceptance & Strategy	18.3	11,359.2	620	-	-	-	17.7	13,203.4	746
Other Assets	35.0	13,733.8	392	10.4	7,328.0	705	25.5	20,475.0	803
Other Matters	16.7	5,993.0	360	1.5	1,230.0	820	12.5	6,950.0	556
Statutory Duties	43.3	17,289.9	399	11.9	6,669.0	560	59.9	32,503.6	543
Trading	245.0	111,033.9	453	152.9	59,771.2	391	383.5	187,029.0	488
VAT & Taxation	88.9	36,469.8	410	143.1	72,464.2	506	228.2	119,309.6	523
Investigations	23.3	8,113.8	348	-	-	-	11.7	4,782.9	409
Legal Issues	20.0	10,773.3	539	-	-	-	-	-	-
Public Relations issues	10.0	4,476.6	448	-	-	-	-	-	-
Total	732.8	306,472.3	418	462.7	222,545.7	481	979.9	501,981.4	512

IRAF UK Dragon Nominee 1 Limited (in Administration)

Joint Administrators' time costs for the period from 1 February 2021 to 31 January 2022 and comparison with the fee estimate dated 26 March 2021

	Per Fee Estimate			Actual in this report period			Total actual to date		
	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Accounting & Administration	11.3	3,512.5	312	4.8	2,364.0	493	53.6	24,621.0	459
Bank & Statutory Reporting	61.7	30,655.9	497	16.9	6,981.8	413	62.5	27,939.8	447
Creditors	8.8	2,839.1	323	-	-	-	16.4	6,493.4	396
Immediate Tasks	12.7	4,963.7	392	22.0	11,990.0	545	42.2	21,185.6	502
Job Acceptance & Strategy	18.3	11,359.2	620	-	-	-	18.2	11,241.0	618
Legal Issues	20.0	10,773.3	539	3.0	3,960.0	1,320	3.0	3,960.0	1,320
Other Assets	-	-	-	2.5	1,445.0	578	2.5	1,445.0	578
Other Matters	16.7	5,993.0	360	0.9	1,188.0	1,320	9.3	8,640.0	929
Property	112.5	46,908.1	417	24.0	14,489.2	604	115.6	61,198.2	529
Statutory Duties	43.3	17,289.9	399	7.4	4,304.0	582	66.4	38,476.1	579
Trading	-	-	-	7.8	1,731.6	222	7.8	1,731.6	222
VAT & Taxation	19.1	7,815.0	410	13.5	2,997.0	222	16.1	4,467.6	277
Investigations	23.3	8,113.8	348	-	-	-	9.7	2,757.9	284
Total	357.6	154,700.1	433	102.8	51,450.6	500	423.3	214,157.2	506

IRAF UK Dragon Nominee 2 Limited (in Administration)

Joint Administrators' time costs for the period from 1 February 2021 to 31 January 2022 and comparison with the fee estimate dated 26 March 2021

	Per Fee Estimate			Actual in this report period			Total actual to date		
	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Accounting & Administration	11.3	3,512.5	312	4.8	2,364.0	493	53.2	24,495.0	460
Bank & Statutory Reporting	61.7	30,655.9	497	18.4	8,122.3	441	61.1	26,428.3	433
Creditors	8.8	2,839.1	323	-	-	-	15.3	5,661.4	370
Immediate Tasks	12.7	4,963.7	392	24.0	13,080.0	545	44.2	21,874.1	495
Job Acceptance & Strategy	18.3	11,359.2	620	-	-	-	12.6	7,393.0	587
Legal Issues	20.0	10,773.3	539	3.0	3,960.0	1,320	3.0	3,960.0	1,320
Other Assets	-	-	-	2.5	1,445.0	578	2.5	1,445.0	578
Other Matters	16.7	5,993.0	360	0.9	1,188.0	1,320	9.9	8,722.0	881
Property	112.5	46,908.1	417	35.6	18,873.0	530	127.4	66,595.6	523
Statutory Duties	43.3	17,289.9	399	7.4	4,304.0	582	76.5	48,592.1	635
Trading	-	-	-	7.8	1,731.6	222	7.8	1,731.6	222
VAT & Taxation	19.1	7,815.0	410	13.5	2,997.0	222	15.7	4,285.6	273
Investigations	23.3	8,113.8	348	-	-	-	9.7	2,757.9	284
Total	357.6	154,700.1	433	117.9	58,064.9	492	438.9	223,941.6	510

Statement of work completed in the Period

Outlined in the table below is supporting narrative as to the work undertaken in the Period. This information is detailed on a category by category basis, aligned to the reporting categories in the time costs analyses set out in the preceding pages. Information relating to the work undertaken during the previous reporting period can be found in the Joint Administrators' progress covering the period 1 February 2021 to 31 July 2021 which can be accessed at https://www.ey.com/en_uk/iraf-uk-dragon-administrations or upon request to this office.

Details of work undertaken are presented on a level covering all Entities unless otherwise stated. This supporting information should be read in conjunction with all sections of this report.

Category of work	Description of work to be completed
Accounting & Administration	<ul style="list-style-type: none"> ▶ Ongoing management of the cases, treasury and accounting functions, statutory compliance diaries, time cost reporting and regular bank reconciliations. ▶ This is a statutory requirement.
Bank and Statutory Reporting	<ul style="list-style-type: none"> ▶ Regular reporting to the Entities' Secured Creditor. ▶ Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports, preparing Receipts and Payments accounts and final report. ▶ This is a statutory requirement.
Creditors	<ul style="list-style-type: none"> ▶ Receipt and recording of creditor claims. ▶ Correspondence with creditors. ▶ Processing distributions to the secured creditors. ▶ This is a statutory requirement.
Debtors	<ul style="list-style-type: none"> ▶ Correspondence / engagement with the Administrators' agents and legal advisors in relation to debts owed by tenants ▶ Work undertaken to collect other sundry debtors on the Entities' balance sheets.
Immediate Tasks	<ul style="list-style-type: none"> ▶ Completion of work streams requiring immediate attention following the appointments, such as gathering information to enable the Administrators to carry out their statutory duties, including finalising appointment documents and preparing notification of appointment documents, as well as other day one and day-to-day activities. ▶ These tasks may comprise a mixture of statutory requirements and tasks undertaken to realise value in the Entities assets.
Legal Issues	<ul style="list-style-type: none"> ▶ Dealing with any ad hoc legal issues. ▶ These issues may comprise a mixture of statutory requirements and tasks undertaken to maximise realisable value in the Entities assets.
Other Assets	<ul style="list-style-type: none"> ▶ Realising value from the Entities' residual assets (if any) as noted in the Directors' Statement of Affairs. ▶ Assessing, quantifying, and seeking to realise value from assets not recorded in the management accounts of the Entities at the date of appointment.
Other Matters	<ul style="list-style-type: none"> ▶ Recovery of the Entities' books and records, and electronic records.

	<ul style="list-style-type: none"> ▶ Other matters arising in the Administrations, which are not covered under other headings. ▶ Work undertaken in this category will primarily comprise statutory requirements.
Property	<ul style="list-style-type: none"> ▶ Dealing with matters relating to the Property, including dealing with interested parties and in due course the process to sell and realise value in the Property. ▶ Dealing with ongoing day to day matters that arise in respect to the Property, to include discussions with third party agents and legal advisors.
Statutory Duties	<ul style="list-style-type: none"> ▶ Completion of statutory requirements of the Administration, including notifications to creditors and members, advertising the appointment, and sending to creditors and filing at Companies House. ▶ These are statutory requirements.
Trading	<ul style="list-style-type: none"> ▶ Dealing with matters relating to the ongoing trading of the shopping centre, including discussions with agents (incl. reviewing and approving recommendations), tenants (as appropriate) and other stakeholders. ▶ This work is an essential part of the Administrators' strategy to ensure the efficient ongoing operation of the centre in Administration pending the sale process being concluded to realise value in the centre.
VAT & Taxation	<ul style="list-style-type: none"> ▶ Preparation and arrangement of VAT registration for the entities. ▶ Preparing annual corporation tax and quarterly VAT returns, with input from EY VAT and tax specialists. ▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the Administrations. ▶ Preparing claims for VAT bad debt relief (if applicable). ▶ This is a statutory requirement.